



**IMMEDIATE: 24.07.09**

**MEDIA INFORMATION**

### **FSCS protection on the way for customers of Global Trader Europe Ltd**

Compensation could be on the way for around 400 former customers of Global Trader Europe Ltd. The firm has now been declared in default, meaning the Financial Services Compensation Scheme can step in to help customers of the firm.

Global Trader Europe Ltd went into administration on 15 February 2008 and creditors' voluntary liquidation on 17 June 2008 and does not have the money to pay claims against it. Accordingly, the Financial Services Authority has declared the company to be 'in default' and the FSCS can now help the firm's customers who may be able to claim up to £48,000 in compensation.

The FSCS is working with the liquidators, Stephen Cork and Joanne Milner of Smith & Williamson, who are providing the FSCS with the information needed to value claims. We understand the liquidators intend to pay a further dividend to creditors by the end of July. Once the FSCS receives confirmation of the amounts paid to customers by the liquidators, it will begin processing claims against the firm.

The company's business was the provision of Contracts for Difference<sup>1</sup> ("CFD") and Spread Trading services to clients. The liquidators believe some 400 investors could have claims against the firm for the return of cash balances held. So far, the FSCS has received 85 claims against the firm and it will treat these claims as a priority. However, a number of further application forms previously sent to potential claimants remain outstanding.

FSCS Chief Executive, Loretta Minghella, said: "Help is on the way for customers of Global Trader Europe Ltd. We are working closely with the liquidators, and hope to make the first payments to customers of the firm shortly. You may be able to claim up to £48,000 if you have lost money from your dealings with the firm."

The FSCS is the UK's statutory compensation scheme for customers of authorised financial services firms. It protects investment business, deposits, life and general insurance as well

as home finance advice and arranging. During the last year, the FSCS has come to the aid of more than 3.5 million UK consumers after several major failures including five banks and a number of investment intermediary firms.

The firm details are:

**Global Trader Europe Ltd**, 406 – 408 STRAND, LONDON, WC2R 0NE

You can find more information about the FSCS on its website at [www.fscs.org.uk](http://www.fscs.org.uk)

### **Enquiries:**

Sarah McShane: 020 7892 7882      [sarah.mcshane@fscs.org.uk](mailto:sarah.mcshane@fscs.org.uk)

Suzette Browne: 020 7892 7372      [suzette.browne@fscs.org.uk](mailto:suzette.browne@fscs.org.uk)

### **Notes to editors**

<sup>1</sup> A Contract for Difference (CfD) is a contract between two parties where the buyer will receive from (or pay to) the seller, the difference between the value of an asset, such as a share in a company at expiry of the contract and its value at the time of the contract. The buyer of such a CfD could also have the option to buy shares at the later date although the CfD does not confer a right to buy them. The holder of a CfD on a company's shares has an economic interest in the company, without direct ownership of shares in the company.

## **1. About FSCS**

The Financial Services Compensation Scheme (FSCS) is the UK's statutory compensation scheme for customers of authorised financial services firms. This means that FSCS can pay compensation if a firm is unable, or likely to be unable, to pay claims against it. FSCS is an independent body, set up under the Financial Services and Markets Act 2000 (FSMA). Our service is free to consumers.

## **2. Declaring a firm in default**

Before FSCS can pay compensation it must be satisfied that a firm is unable to meet claims. It describes this as being 'in default'. The Scheme will declare a firm in default if:

- it has received at least one claim; and
- it is satisfied that the firm is unable (or likely to be unable) to pay claims against it.

FSCS is required to do this before paying compensation to eligible claimants.

In some instances, the Financial Services Authority (FSA) is responsible for declaring a firm "in default".

Declaring a firm in default allows consumers who believe they may have lost money as a result of their dealings with that firm to apply to us for compensation.

## **3. Authorised firms**

Our rules are made by the FSA, the independent watchdog set up by government under FSMA to regulate financial services in the UK and protect the rights of consumers. The rules tell us which types of claim are eligible for compensation, and limit how much compensation we are allowed to

pay. Firms need permission from the FSA to carry out a regulated activity, which covers activities such as accepting deposits, insurance business and investment business.

Dealing with an authorised firm gives consumers access to the Financial Ombudsman Service (FOS) and FSCS. Consumers can check that the firm they are dealing with is authorised by contacting the FSA's Consumer Helpline on 0845 606 1234.